Bangalore in October 2001.

Reserve Bank of India has instructed all its offices to strictly follow the laid down procedures so that recurrencies of such incidents are avoided. The vigilance and surveillance have been stepped up. Advance technology machines called Currency Verification and Processing System are under installation to accelerates processing of the inflow of soiled notes and their subsequent destruction mechanically through shredding/briqutting.

Fiscal Deficit

49. SHRI P. PRABHAKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the statement of the Senior Adviser to the Managing Director of the International Monetary Fund appearing in the Business Standard dated 23rd January, 2002 that India's high level of fiscal deficit could have very serious consequences for the economic growth of the country;

(b) if so, what is Government's reaction thereto;

(c) the steps taken during the last three years to contain the fiscal deficit and the results thereof; and

(d) what further steps are proposed to be taken to bring down the deficit to a sustainable level?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) to (d) The endeavour of the Government has been to contain revenue expenditure and to enhance revenues with a view to contain fiscal deficit. To this end a number of initiatives were taken in the Budget during the last three years. The Fiscal Responsibility and Budget Management Bill, 2000 was introduced in Parliament in December 2000. This Bill includes provisions relating to ceilings on

debt, deficit and borrowing. The Government has taken measures to curb expenditure growth by stringent control of non-productive Government expenditure, rationalisation of subsidies, improvement in the quality of Government expenditure and revenue enhancement through widening of the tax base and administration of a fair and equitable tax regime. For fiscal consolidation, the Government has laid stress on expenditure management, restricting fresh recruitment to one per cent of total civilian staff strength, revision in user charges for services provided by the Government and its agencies keeping in view the increased cost of these services, pension reforms, restructuring and privatisation of public sector enterprises and restructuring of interest rates on contractual savings. These measures are expected to have favourable impact on Centre's finances.

Counterfeit Currency Notes

†50. SHRI BACHANI LEKHRAJ: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that circulation of counterfeit currency notes in the country has still not stopped;

(b) if so whether Government are contemplating to take any effective steps to check this practice; and

(c) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes Sir.

(b) and (c) The Union Government has taken a number of steps to curb the circulation of fake currency notes which *inter-alia* include setting up a special unit in the Central Bureau of Investigation for exclusive investigation of counterfeit currency notes, scaling up vigilance by the Border Security Force/Custom Authorities to prevent smuggling of such currency notes into the country;

†Original notice of the questions was received in Hindi.